

**BARCLAYS INVESTMENT SOLUTIONS LIMITED
(PREVIOUSLY GERRARD INVESTMENT MANAGEMENT LIMITED)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

REGISTERED NUMBER: 02752982



BARCLAYS INVESTMENT SOLUTIONS LIMITED

Directors' Report and Financial Statements For the year ended 31 December 2017

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BARCLAYS INVESTMENT SOLUTIONS LIMITED

Directors' Report

For the year ended 31 December 2017

The Directors present their annual report together with the audited financial statements of Barclays Investment Solutions Limited (previously Gerrard Investment Management Limited) (the 'Company') for the year ended 31 December 2017.

Profit and dividends

The Company's profit for the year was £11,732,000 (2016: £9,937,000). An interim dividend of £nil was paid in 2017 (2016: £nil). The Directors do not recommend the payment of a final dividend (2016: £nil).

Future Outlook

The future outlook is included within the Strategic Report on page 4.

Events after the balance sheet date

On 1 April 2018 ownership of the asset management businesses which had been operating out of Barclays Bank PLC and Woolwich Plan Managers Limited were transferred over to Barclays Investment Solutions Limited as part of the Ring Fence Transfer Scheme. Also from 1 April 2018 residual assets of the direct investing stockbroking business operating out of Barclays Bank PLC, together with any proceeds of sale, income or other accrual in respect of that business are being held on trust by Barclays Bank PLC for the Company. Barclays Bank PLC is indemnified by the Company in respect of any residual liabilities and any costs incurred. These assets and liabilities will transfer to Barclays Investment Solutions Limited ownership by 30 June 2018. Details around this can be found in note 22.

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are as shown below:

D J Brumpton (appointed 22 September 2017)

P A F Byle

A B Houston

M Newbery

M A Richards

Since the year end M K Jary, A N Ratcliffe and S W Soquar were appointed as Directors on 1 March 2018 and P A F Byle, A B Houston and M A Richards resigned as Directors on 1 April 2018.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Directors' Report (continued)

For the year ended 31 December 2017

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements (continued)

- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in Note 19.

Directors' third party indemnity provisions

Qualifying third-party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 31 December 2017 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority (FCA), the Company's Parent, as at 31 December 2017, Barclays Bank PLC has published information on its remuneration, risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at

<https://www.home.barclays/barclays-investor-relations/results-and-reports/annual-reports.html>

Independent auditors

KPMG LLP has been appointed by the Company to hold office in accordance with s.487 of the Companies Act 2006.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Directors' Report (continued)
For the year ended 31 December 2017

Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

FOR AND ON BEHALF OF THE BOARD



S. W. Soquar
Director
23 April 2018

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Strategic Report

For the year ended 31 December 2017

Business review and principal activities

The principal activities of Barclays Investment Solutions Limited (previously Gerrard Investment Management Limited) (the 'Company') are asset management and the provision of stockbroking services. The Company is authorised and regulated by the FCA.

Business performance

The Company's results for the year show a profit before taxation of £14,533,000 (2016: £12,417,000) and total comprehensive income of £11,732,000 (2016: £9,937,000). The Company has net assets of £84,012,000 (2016: £72,280,000). Net cash flow generated from operating activities was £1,051,000 (2016: £8,701,000).

Future outlook

On 1 January 2018 ownership of the Company was transferred to a new parent within the Barclays Group. The Company will continue to provide asset management and stockbroking services, in line with revised regulatory permissions approved during 2017.

On 1 April 2018 clients and balances relating to the asset management businesses in Barclays Bank PLC and Woolwich Plan Managers Limited were transferred to Barclays Investment Solutions Limited in accordance with the terms of the Barclays Ring Fenced Transfer Scheme. As a result the Company is defined as a significant IFPRU firm and is required to have an increased level of governance, including Board Committees. Also from 1 April 2018 residual assets of the direct investing stockbroking business operating out of Barclays Bank PLC, together with any proceeds of sale, income or other accrual in respect of that business are being held on trust by Barclays Bank PLC for the Company. Barclays Bank PLC is indemnified by the Company in respect of any residual liabilities and any costs incurred. These assets and liabilities will transfer to Barclays Investment Solutions Limited ownership by 30 June 2018.

Principal risks and uncertainties

From the perspective of the Company, during 2017 the principal risks and uncertainties were integrated with the principal risks of the Barclays PLC group and were not managed separately. Accordingly, the principal risks and uncertainties of the Barclays PLC group, which include those of the Company, are discussed in the Barclays PLC annual report which does not form part of this report. During 2018 the Company established a Board Risk Committee. The Company's principal risks and uncertainties will remain integrated with the principal risks of the Barclays PLC Group. The Company's Board Risk Committee will monitor appropriate key risks and uncertainties.

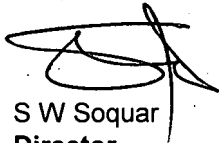
Key performance indicators

During 2017, the Directors of Barclays PLC managed the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Barclays (UK), the relevant business cluster for the Company, is discussed in the Barclays PLC annual report which does not form part of this report. From 2018, whilst the Directors of Barclays PLC will continue to manage the group's operations on a business cluster basis, the Company's Board Risk Committee will monitor appropriate key performance indicators.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Strategic Report (continued)
For the year ended 31 December 2017

FOR AND ON BEHALF OF THE BOARD



S W Soquar
Director
23 April 2018

BARCLAYS INVESTMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS LIMITED (PREVIOUSLY GERRARD INVESTMENT MANAGEMENT LIMITED)

Opinion

We have audited the financial statements of Barclays Investment Solutions Limited (the "Company") for the year ended 31 December 2017 which comprise the Statement of Financial Position as at 31 December 2017, Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and related notes, including the accounting policies in note 3 (the "financial statements").

In our opinion, Barclays Investment Solutions Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS LIMITED (PREVIOUSLY GERRARD INVESTMENT MANAGEMENT LIMITED) (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Snook (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

23 April 2018

KPMG LLP
15 Canada Square
London
E14 5GL

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Profit or Loss For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Continuing operations			
Revenue	4	48,389	50,367
Direct expenses		(258)	-
Gross profit		<u>48,131</u>	<u>50,367</u>
Other (losses)/gains		(3)	-
Administrative expenses		<u>(33,880)</u>	<u>(38,068)</u>
Operating profit		14,248	12,299
Interest income	5	308	123
Interest expense	5	<u>(23)</u>	<u>(5)</u>
		285	118
Profit before taxation	6	<u>14,533</u>	<u>12,417</u>
Taxation	8	<u>(2,801)</u>	<u>(2,480)</u>
Profit after taxation		<u><u>11,732</u></u>	<u><u>9,937</u></u>

Profit or loss for the year is derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no statement of comprehensive income has been included in the financial statements.

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

Profit after taxation was £11,732,000 (2016: £9,937,000). There were no items of other comprehensive income.

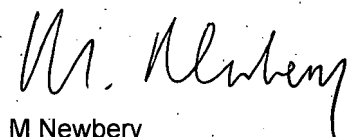
BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Financial Position As at 31 December 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	9	-	4
Deferred tax assets	10	6	11
Total non-current assets		<u>6</u>	<u>15</u>
Current assets			
Loans and other receivables	11	49,903	33,446
Loans and advances to customers	12	328	-
Cash and cash equivalents		60,052	58,716
Total current assets		<u>110,283</u>	<u>92,162</u>
TOTAL ASSETS		<u>110,289</u>	<u>92,177</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	23,421	18,077
Current taxation	14	2,796	1,752
Provisions	15	60	68
Total current liabilities		<u>26,277</u>	<u>19,897</u>
Net current assets		<u>84,006</u>	<u>72,265</u>
TOTAL LIABILITIES		<u>26,277</u>	<u>19,897</u>
SHAREHOLDER'S EQUITY			
Share capital	16	22,325	22,325
Share premium account	16	7,425	7,425
Retained earnings	17	54,262	42,530
TOTAL SHAREHOLDER'S EQUITY		<u>84,012</u>	<u>72,280</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		<u>110,289</u>	<u>92,177</u>

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2018 and were signed on its behalf by:



M Newbery
Director
23 April 2018

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Changes in Equity For the year ended 31 December 2017

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	22,325	7,425	42,530	72,280
Profit and total comprehensive income for the year	-	-	11,732	11,732
At 31 December 2017	<u>22,325</u>	<u>7,425</u>	<u>54,262</u>	<u>84,012</u>

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	22,325	7,425	32,593	62,343
Profit and total comprehensive income for the year	-	-	9,937	9,937
At 31 December 2016	<u>22,325</u>	<u>7,425</u>	<u>42,530</u>	<u>72,280</u>

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Cash Flows For the year ended 31 December 2017

	2017 £'000	2016 £'000
Continuing operations		
Reconciliation of profit before tax to net cash flows from operating activities		
Profit before taxation	14,533	12,417
Interest expense	23	5
Interest income	(308)	(123)
Disposal of investment	4	-
Other provisions for liabilities and charges	(8)	(17)
Net (increase)/decrease in loans and other receivables	(5,601)	4,975
Net increase/(decrease) in trade and other payables	4,463	(1,632)
Net (increase) in balances due from group undertakings	(10,303)	(1,704)
Cash from operating activities	<u>2,803</u>	<u>13,921</u>
Tax paid	<u>(1,752)</u>	<u>(5,220)</u>
Net cash from operating activities	<u>1,051</u>	<u>8,701</u>
Cash flows from investing activities		
Interest received	308	123
Interest paid	(23)	(5)
Net cash from investing activities	<u>285</u>	<u>118</u>
Cash flows from financing activities		
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	1,336	8,819
Cash and cash equivalents at 1 January	58,716	49,897
Cash and cash equivalents at 31 December	<u>60,052</u>	<u>58,716</u>
Cash and cash equivalents comprise:		
Cash and balances with banks	<u>60,052</u>	<u>58,716</u>

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements For the year ended 31 December 2017

1 Reporting entity

These financial statements are prepared for Barclays Investment Solutions Limited (previously Gerrard Investment Management Limited) (the 'Company'), the principal activities of which are asset management and the provision of stockbroking services. The financial statements are prepared for the Company only, in line with the UK Companies Act 2006. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and its ultimate parent company is Barclays PLC; both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Company is a private limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

2 Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB) and adopted by the European Union. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

Future accounting developments

New and amended standards

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRSs effective as of 1 January 2017 have resulted in changes in accounting policy. There are no new amended standards that have had a material impact on the Company's accounting policies.

Standards and amendments to existing standards that are relevant to the Company, not yet effective and have not been early adopted by the Company

There are a number of changes to the Company's financial reporting after 2017 as a result of amended or new accounting standards that have been or will be issued by the IASB. The most significant of these are as follows:

IFRS 15, 'Revenue from contracts with customers' applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model includes 1) identifying the contract with the customer, 2) identifying each of the performance obligations included in the contract, 3) determining the amount of consideration in the contract, 4) allocating the consideration to each of the identified performance obligations and 5) recognising revenue as each performance obligation is satisfied. In April 2016, the IASB issued clarifying amendments to IFRS 15 which provide additional guidance but did not change the underlying principles of the standard. The standard was endorsed by the EU in September 2016.

The Company will implement this standard on 1 January 2018. The Company has elected the cumulative effect transition method with a transition adjustment calculated as of 1 January 2018 and recognised in retained earnings without restating comparatives. IFRS 15 requires certain incremental 'costs to obtain a contract' and certain 'costs to fulfill a contract' to be capitalised on balance sheet and amortised on a systematic basis consistent with the transfer of goods/services to the customer. The impact of the Company adopting IFRS 15 is still being assessed.

IFRS 9, 'Financial instruments', will replace IAS 39 Financial Instruments: Recognition and Measurement is effective for periods beginning on or after 1 January 2018 and was endorsed by the EU in November 2016. IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. The Company will not restate comparatives on initial application of IFRS 9 on 1 January 2018 but will provide detailed transitional disclosures in accordance with the amended requirements of IFRS7. The impact of the Company adopting IFRS 9 is still being assessed but is not expected to be material.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, Recognition and Measurement', as set out in the relevant accounting policies. They are presented in thousands of Pounds Sterling, (£000), the currency of the country in which the Company is incorporated.

The preparation of financial statements in accordance with The Companies Act 2006, as applicable to companies using IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out those areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements.

Critical accounting estimates and judgements

Critical accounting estimates and judgements are disclosed in:
Investment in subsidiary undertakings - page 19
Provisions - page 21

a) Foreign currency translation

Items included in the financial statements of the Company are measured using their functional currency, being, Pounds Sterling; the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate prevailing at the year end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the statement of comprehensive income.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as available for sale financial assets and non-monetary items are included directly in equity.

b) Fees and commissions and other income arising from customer deposits

Fees, commissions and other income arising from customer deposits are recognised on an earned basis.

c) Interest

Interest income or expense is recognised on all interest bearing financial assets classified as held to maturity, available for sale or loans and receivables, and on interest bearing financial liabilities, using the effective interest method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

d) Current and deferred income tax

Income tax payable on taxable profits ('current tax') is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the Statement of Financial Position date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

e) Financial assets and liabilities

The Company recognises financial instruments from the contract/trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows:

Loans and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. Loans and receivables are stated at amortised cost using the effective interest method. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised costs, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise trade and other payables in the Statement of Financial Position.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid value in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

e) Financial assets and liabilities (continued)

Impairment of financial assets

The Company assesses at each Statement of Financial Position date whether there is objective evidence that loans and receivables are impaired. The factors that the Company uses include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties.

The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

For loans and receivables the Company first assesses whether objective evidence of impairment exists individually for individually significant loans and receivables, and then collectively assesses remaining loans and receivables that are not individually significant. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the statement of comprehensive income. In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets. Reversals of impairment of debt instruments are recognised in the statement of comprehensive income. Reversals of impairment of equity shares are not recognised in the statement of comprehensive income, increases in the fair value of equity shares after impairment are recognised directly in equity.

f) Investment in subsidiary undertakings

Investments in subsidiaries are stated at cost less impairment, if any.

g) Issued equity securities

Equity instruments, including share capital, are initially recognised at net proceeds, after deducting transaction costs and any related income tax. Dividend and other payments to equity holders are deducted from equity, net of any related tax.

h) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

i) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

3 Summary of significant accounting policies (continued)

j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash in hand, demand deposits and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Trading balances are not considered to be part of cash equivalents.

k) Balances with market counterparties and clients

In accordance with market practice certain balances with clients, Stock Exchange member firms and settlement offices are included in trade and other receivables and payables gross for their unsettled bought and sold transactions respectively.

l) Segregated funds

Segregated funds held by the Company on behalf of clients in accordance with the Client Money Rules of the FCA, and the income arising thereon, are excluded from the financial statements as they are not assets of the Company.

4 Revenue

All of the Company's revenue is derived from asset management and the provision of stockbroking services.

5 Net interest income

Net interest income comprises the following:

	2017 £'000	2016 £'000
Interest income		
Interest receivable from related parties	308	123
Total interest income	<u>308</u>	<u>123</u>
Interest expense		
Bank borrowings	(23)	(5)
Total interest expense	<u>(23)</u>	<u>(5)</u>
Net interest income	<u>285</u>	<u>118</u>

6 Profit before taxation

The following items have been charged in arriving at profit before taxation:

	Note	2017 £'000	2016 £'000
Management service charges		33,002	37,674
Provision for client compensation	15	9	42
Auditors' remuneration			
- Audit of the Company's annual financial statements		96	96
- Other services pursuant to legislation		149	149

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

7 Employees and key management, including Directors

The Company had no direct employees during 2017 or 2016. All staff employed in the business were either contracted to Barclays Bank PLC, Gerrard Management Services Limited or Barclays Service Company Limited and their costs are included in the management service charges above. The Directors are considered to be the key management personnel.

Directors' remuneration

Disclosures of the Directors' remuneration as required by the Companies Act 2006 are as follows:

	2017 £'000	2016 £'000
Aggregate remuneration in respect of qualifying services	150	147
Aggregate amounts receivable under long-term incentive schemes	16	13
Aggregate contributions due to Barclays Group Pension Schemes	16	16
	<u>182</u>	<u>176</u>

One Director is accruing retirement benefits under a defined benefit scheme and a defined contribution scheme (2016: One).

No Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during 2017 (2016: One).

One Director is entitled to benefits under the Share Value Plan (2016: One).

8 Taxation

The analysis of the charge for the year is as follows:

	2017 £'000	2016 £'000
Current tax:		
Current year	2,796	2,481
Deferred tax:		
Current year	2	3
Prior year adjustment	3	-
Effect of changes in tax rates	-	(4)
Total charge	<u>2,801</u>	<u>2,480</u>

A numerical reconciliation of the applicable tax rate and the average effective tax rate is as follows:

	2017 £'000	2016 £'000
Profit before taxation	<u>14,533</u>	<u>12,417</u>
Tax charge at average UK corporation tax rate of 19.25% (2016: 28%)	2,797	3,477
Loss on sale of subsidiary	1	-
Bank surcharge allowance	-	(993)
Change to standard UK corporation tax rate	3	(4)
Overall tax charge	<u>2,801</u>	<u>2,480</u>
Effective tax rate %	<u>19.27%</u>	<u>19.97%</u>

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

9 Investment in subsidiary undertakings

Movements in the Company's investment in subsidiary undertakings are as follows:

	2017 £'000	2016 £'000
Opening balance at 1 January	4	4
Disposal of investments	(4)	-
Closing balance at 31 December	-	4

Details of the Company's subsidiaries at 31 December 2017 are as follows:

Name of Subsidiary	Registered Office Address	Class of Shares / Units	Name of immediate parent	Total proportion of nominal value held by immediate parent (%)
Barclays Direct Investing Nominees Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclays Financial Planning Nominee Company Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclays Global Shareplans Nominee Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclays Singapore Global Shareplans Nominee Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclayshare Nominees Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
R.C. Greig Nominees Limited	120 Bothwell Street Glasgow G2 7JS	Ordinary	Barclays Investment Solutions Limited	100%

On 21 December 2017 ownership of Gerrard Nominees Limited and Greig Middleton Nominees Limited transferred over to Gerrard Management Services Limited and ownership of Barclays Wealth Nominees Limited transferred over to Barclays Bank PLC.

In the opinion of the Directors, the value of the Company's investment in its subsidiary undertakings is not less than the amount at which it is included in the Statement of Financial Position.

The financial statements contain information about Barclays Investment Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its parent Barclays PLC, a company incorporated in the United Kingdom.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

9 Investment in subsidiary undertakings (continued)

Critical accounting estimates and judgements

The testing for impairment of the investment in subsidiaries involves the use of judgement to review indicators of impairment as well as the calculation of any impairment. Each of the subsidiaries are reviewed and the current net assets are compared to book value of the investment in subsidiary. In addition to this further signs of impairment are also reviewed such as potential future changes in the net assets of the subsidiaries from group restructures, conduct issues, sale of business areas.

10 Deferred tax assets

The components of and the movement in the deferred tax account during the year was as follows:

	1 January 2017	Effect of changes in tax rates	Charged to statement of comprehensive income £'000	Prior year adjustment £'000	31 December 2017 £'000
	£'000	£'000	£'000	£'000	£'000
Assets					
Accelerated tax depreciation	11	-	(2)	(3)	6
	1 January 2016	Effect of changes in tax rates	Charged to statement of comprehensive income £'000	Prior year adjustment £'000	31 December 2016 £'000
	£'000	£'000	£'000	£'000	£'000
Assets					
Accelerated tax depreciation	9	4	(2)	-	11

Legislation has been introduced to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. As a result relevant deferred tax balances have been re-measured. The closing deferred tax assets and liabilities have been measured at blended rates based on the rate when the deferred tax balances are expected to unwind.

11 Loans and other receivables

An analysis of loans and other receivables is as follows:

	2017 £'000	2016 £'000
Amounts due from related parties	19,481	8,297
Trade receivables	18,803	15,014
Accrued income and prepayments	11,619	10,135
	<u>49,903</u>	<u>33,446</u>

The Directors consider that the carrying value of the Company's loans and other receivables approximates to their fair value.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 19: Financial risks.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

12 Loans and advances to customers

An analysis of loans and advances to customers is as follows:

	2017 £'000	2016 £'000
Overdrawn customer accounts	<u>328</u>	<u>-</u>
Repayable:		
On demand	<u>328</u>	<u>-</u>

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 19: Financial risks.

13 Trade and other payables

An analysis of trade and other payables is as follows:

	2017 £'000	2016 £'000
Amounts due to related parties	1,111	230
Trade payables	19,302	15,525
Accrued expenses	128	6
Other payables	<u>2,880</u>	<u>2,316</u>
	<u>23,421</u>	<u>18,077</u>

The Directors consider that the carrying value of the Company's trade and other payables approximates to their fair value.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 19: Financial risks.

14 Current taxation

Current tax liabilities are as follows:

	2017 £'000	2016 £'000
United Kingdom corporation tax payable	<u>2,796</u>	<u>1,752</u>

15 Provisions

Movements on the Company's provisions for client compensation in the year are as follows:

	2017 £'000	2016 £'000
At 1 January	68	85
Cash paid	(17)	(59)
Charged to statement of comprehensive income	<u>9</u>	<u>42</u>
At 31 December	<u>60</u>	<u>68</u>

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

15 Provisions (continued)

Critical accounting estimates and judgements

The calculation of provisions for customer redress involves estimation and judgement. Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of our business activities.

16 Share capital

Particulars of the Company's share capital are as follows:

	Number of Shares	Ordinary Shares £'000	Share premium account £'000	Total £'000
At 1 January and 31 December 2017 and 2016	22,325,000	22,325	7,425	29,750

The par value of the ordinary shares is £1 each. All issued shares are fully paid.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights but do not confer any rights of redemption.

Included in note 22 are details around an allotment of 1 share to Barclays Bank UK PLC in consideration for the transfer of the Ring Fence Transfer Scheme business which occurred following the balance sheet date.

17 Retained earnings

Movements in retained earnings are as follows:

	2017 £'000	2016 £'000
At 1 January	42,530	32,593
Profit and total comprehensive income for the year	11,732	9,937
At 31 December	54,262	42,530

18 Segregated funds

Segregated funds held on behalf of clients in accordance with the Client Money Rules of the FCA totalled £230 million at 31 December 2017 (2016: £297 million). These amounts, and the income arising thereon, are not assets of the Company and are, therefore, excluded from the financial statements.

19 Financial risks

The Company's activities expose it to a variety of financial risks. These are credit risk, liquidity risk and market risk (which includes foreign currency risk, interest rate risk and price risk).

The Board of Directors has ultimate responsibility for ensuring effective risk management and control (including mandatory adherence to the Barclays PLC Group risk management policies). During 2017, in exercising this responsibility on day to day basis, it relied on the independent oversight provided by Barclays (UK), the relevant business cluster for the Company, risk function. During 2018 a Board Risk Committee for the Company was established. The Company's principal risks and uncertainties will remain integrated with the principal risks of the Barclays PLC Group. The Company's Board Risk Committee will provide oversight of appropriate key risk and uncertainties.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

19 Financial risks (continued)

a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfill their contractual obligations to the Company.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. Third party financial instrument counterparties are required to be rated and the Company's exposure to them is subject to financial limits.

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk at 31 December 2017 and 2016:

	2017 £'000	2016 £'000
Cash and cash equivalents with related parties	60,052	58,716
Trade receivables	18,803	15,014
Amounts due from related parties	19,481	8,297
Accrued income and prepayments	11,619	10,135
Total maximum exposure at 31 December	109,955	92,162

The amounts above have been shown at their full Statement of Financial Position value, with no account being taken of credit risk mitigation actions available to the Company in the event of any default.

b) Liquidity risk

This is the risk that the Company may not have sufficient funds to meet its debts as they fall due.

The Company has support from the parent Company, Barclays Bank PLC, and maintains banking facilities with Barclays Bank PLC and other Group undertakings that are designed to ensure the Company has sufficient available funds for operations.

All of the Company's financial assets and liabilities at 31 December 2017 and 2016 were effectively due on demand.

c) Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

The Company has no direct exposure to price risk and only limited exposure to interest rate risk and foreign currency risk.

The Company's interest rate risk is limited to the finance income earned on its cash and cash equivalents and no sensitivity analysis has been presented as this is not considered material.

Any residual foreign currency risk is considered immaterial and no sensitivity analysis has, therefore, been presented.

20 Contingencies and commitments

In the ordinary course of business the Company has been party to letters of indemnity in respect of lost certified stock transfers and share certificates. As a FCA regulated firm, the Company is also potentially liable to make back-dated contributions to the Financial Services Compensation Scheme (FSCS). The contingent liabilities arising from these circumstances cannot be quantified.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

21 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors. Particulars of transactions with group companies, and the balances outstanding at the year end, are disclosed in the tables below. The amount shown in Assets includes the cash and cash equivalents held with Barclays Bank plc.

For the year ended 31 December 2017	Parent company £'000	Fellow subsidiaries £'000	Total £'000
Transactions			
Administrative expenses	(33,457)	-	(33,457)
Finance income	-	-	-
Total	(33,457)	-	(33,457)
Balances outstanding at 31 December 2017			
Assets	19,481	60,052	79,533
Liabilities	-	(1,111)	(1,111)
Total	19,481	58,941	78,422
For the year ended 31 December 2016	Parent company £'000	Fellow subsidiaries £'000	Total £'000
Transactions			
Administrative expenses	(37,674)	-	(37,674)
Finance income	5	118	123
Total	(37,669)	118	(37,551)
Balances outstanding at 31 December 2016			
Assets	8,297	58,720	67,017
Liabilities	-	(230)	(230)
Total	8,297	58,490	66,787

There were no transactions with key management personnel in either year.

22 Events after the balance sheet date

On 1 January 2018, the beneficial title to the Barclays Investment Solutions Limited shares transferred from Gerrard Management Services Limited to Barclays Bank PLC and then to Barclays Bank UK PLC. On 16 February 2018, the legal title transferred from Gerrard Management Services Limited to Barclays Bank PLC. On 29 March 2018, the legal title transferred from Barclays Bank PLC to Barclays Bank UK PLC.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Notes to the Financial Statements (continued) For the year ended 31 December 2017

22 Events after the balance sheet date (continued)

On 1 April 2018, in accordance with the terms of the Barclays Ring Fenced Transfer Scheme, clients (42,780) and balances (£9.4 billion AUM) from asset management business areas operated out of Barclays Bank PLC and Woolwich Plan Managers Limited have been transferred to Barclays Investment Solutions Limited ownership. Also from 1 April 2018 residual assets of the direct investing stockbroking business operating out of Barclays Bank PLC, together with any proceeds of sale, income or other accrual in respect of that business are being held on trust by Barclays Bank PLC for the Company. Barclays Bank PLC is indemnified by the Company in respect of any residual liabilities and any costs incurred. These assets and liabilities will transfer to Barclays Investment Solutions Limited ownership by 30 June 2018.

On 1 April 2018 there was an allotment and issuance of one ordinary share of £1 to Barclays Bank UK PLC in consideration for the transfer of the Ring Fence Transfer Scheme business.

23 Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern
- To maintain sufficient capital to support asset growth
- To maintain a level of capital required to meet FCA requirements

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management.

The Company regards as capital its equity, as shown in the Statement of Financial Position. This is in line with the disclosures provided in the regulatory reporting returns submitted by the Company to the FCA.

Total capital is as follows:

	2017 £'000	2016 £'000
Share capital	22,325	22,325
Share premium account	7,425	7,425
Retained earnings	54,262	42,530
Total capital resources	84,012	72,280

The Company's capital is independently monitored by the Barclays (UK) Treasurer on behalf of the Directors.

24 Parent undertaking and ultimate holding company

As at 31 December 2017, the parent of the Company was Gerrard Management Services Limited. On 1 January 2018 the controlling interest in the Company transferred from Gerrard Management Services to Barclays Bank PLC and subsequently to Barclays Bank UK PLC. Since 1 January 2018, Barclays Bank UK PLC has been the controlling parent. The ultimate holding company and the parent company of the largest group that presents group financial statements is Barclays PLC. All companies are incorporated in the United Kingdom and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP.